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PROGRAMME PLANNING

Country and intercountry programmes and projects

FIFTH COUNTRY PROGRAMME FOR CHILE

Programme period	Resources	$
1992-1996	Net IPF	9 450 000
	Estimated cost-sharing	9 450 000
	Total	18 900 000

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I. DEVELOPMENT SITUATION, OBJECTIVES AND STRATEGIES

A. Current socio-economic situation

1. After 17 years of the regime that governed Chile from 1973 and following a period of intense negotiations, the regrouping of political forces, internal social pressure and staunch international cooperation, the country embarked in March 1989 on its journey back to democracy as a political system that guarantees social justice, sustainable economic development and peaceful coexistence with full respect for the individual.

2. In the economic field, Chile has successfully maintained the confidence of the international financial community and has managed to secure foreign market outlets and attract investment capital. In 1990 the economy attracted $1.1 billion in direct foreign investment and recorded a trade surplus of $1.3 billion, a sum that had already been exceeded in the first six months of 1991. Authorized foreign investment this year is estimated to amount to almost $3 billion. In international trade, rapid progress is being made in dismantling tariff barriers. In September 1991 an economic complementarity agreement, a pioneering one in the region, was concluded with Mexico, and agreements of similar scope are being contemplated with the United States of America, Venezuela, Colombia, Argentina and Bolivia.

3. The economic assessment confirms that the adjustments carried out in the Government's first year have not undermined the foundations of economic growth. Investment and exports have proved the most buoyant variables, and they are likewise being relied upon to lay the most solid basis for a balanced growth which is estimated to amount to 5 per cent during the next three years.

4. The regionalization and decentralization processes initiated by the previous Government failed to bring about effective territorial equity or real social participation. The current Government's programme attaches importance to decentralization as a necessary condition for the enhancement of democracy.

5. The country stands in thirty-eighth position in the 1991 Human Development Report. However, this relatively high ranking in the world context conceals disparate situations at the national level. In the social sphere, the most deprived sectors of the population became poorer over the last decade owing to a subsidiary social policy, which led in practice to a significant reduction of 30 per cent in per capita social spending between 1981 and 1988. Women were among the groups worst affected by the decline in social expenditure under the previous regime, so that a "feminization" of poverty may be said to have occurred, a phenomenon whose significance is all the greater in the light of the fact that women constitute 50.6 per cent of the overall population and 30 per cent of the work force. The present Government has launched a strategy of economic development with equity.

6. In addition the democratic Government, seeing it as vital to increase the resources allocated to social spending, has introduced various measures in agreement with the main employers' and employees' organizations and has

mobilized the different economic agents and social actors in pursuance of shared goals. As a result, an increase of US$ 1,300* in social expenditure is expected in 1992 compared with the budget inherited from 1990, bringing the overall social budget to a level equivalent to 60 per cent of public expenditure. It is estimated that social expenditure in the Government's first three years (1990-1992) will increase by 43.6 per cent.

B. National development objectives and strategies

7. With a view to achieving its basic objective of reconstruction and consolidation of democracy, the Government has set itself the following five priority tasks:

(a) To discover the truth and ensure that justice is done in the matter of human rights as an essential moral prerequisite for national reconciliation;

(b) To democratize society and improve its institutions;

(c) To promote social justice, remedying the serious inequalities and inadequacies that affect large sectors of the Chilean population;

(d) To foster the country's economic growth, development and modernization; and

(e) To restore Chile to the place that it has historically occupied in the international community.

8. The Government has made considerable progress in human rights and reintegration into the international community. It will therefore concentrate as from 1992 on achieving the remaining objectives through programmes and projects aimed at greater well-being and community participation, sustainable economic growth with macroeconomic equilibrium, better income distribution and, in general, redressal of the institutional imbalances and the inequities that prevailed in previous years.

II. EXTERNAL COOPERATION

A. Role of external cooperation

9. The national development effort is basically sustained by the country's own resources. Correct political relationships, the opening of international markets and the promotion of exports, the transfer of new technology and the search for new financing will facilitate and complement the national development effort. Therefore, international cooperation must be seen as

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* Translator's note: Figure presumably needs correcting.

supplementing the nation's effort to strengthen democracy, achieve greater social equity and maintain self-sustained and sustainable development. In addition, international cooperation will have an essential role in promoting Chile's re-emergence onto the international stage and its active and permanent presence in the international community.

10. The international cooperation priorities set by the Government for 1990-1994 are as follows: (a) social development; (b) competitiveness and productivity of the manufacturing sector; (c) democratization and modernization of State management; (d) scientific and technical development linked to production and exports; (e) development of physical infrastructure; and (f) environmental development, including natural resource management.

11. Apart from government agencies, international cooperation is carried on primarily by universities, technical training centres, independent academic centres, technological institutes and other institutions in the area of science and technology. Non-governmental organizations and private charitable associations also have a necessary priority role in international cooperation in view of their contribution to sustained and equitable development. Production units, moreover, have a special place in international cooperation in so far as the State has ceased to have any direct responsibility for the production of goods and services and has recognized the pre-eminent role of private enterprise in that regard. Lastly, special mention should be made of those involved in regional development, whose role is gaining in importance.

12. From March 1990 until September 1991, the International Cooperation Agency managed resources totalling $625 million, of which 53 per cent was grants and the rest was refundable loans. Multilateral aid amounted to $60 million or 18 per cent of the grants, of which the United Nations share was $11 million (18 per cent). UNDP cooperation during the same period represented 67 per cent of the total cooperation effort of the United Nations. Among the larger bilateral grants were those of Italy ($64 million), Germany ($35 million), the Netherlands ($31 million), Sweden ($31 million), the United States ($22 million), Japan ($22 million) and Spain ($16 million).

13. Fifty-three per cent of the resources managed were for social projects, 35 per cent for the manufacturing sector, 4 per cent for science and technology, 4 per cent for State administration, 2 per cent for infrastructure and 2 per cent for the environment. Sixty-four per cent of the cooperation effort went to the public sector. The housing, health and education sectors, when combined with the programmes of the Solidarity and Social Investment Fund, represented 59 per cent of that amount. Of the amount that went to the private sector (36 per cent), 76 per cent went to enterprises in the form of concessional loans and the remaining 24 per cent mainly went to non-governmental and university organizations (15 per cent) and academic centres (9 per cent).

B. Aid coordination arrangements

14. Under a law enacted by the new Government, international cooperation policies are set through the Ministry for Planning and Cooperation. The same law created the International Cooperation Agency (AGCI), whose mission it is to coordinate the solicitation and payment of such cooperation and to administer resources. The role of AGCI extends to all non-reimbursable cooperation and to bilateral reimbursable cooperation. AGCI manages, defines and approves projects, supervises and evaluates the use of resources, coordinates national institutions participating in horizontal cooperation projects, and administers specific programmes and projects.

15. In order to carry out its duties, AGCI has from its inception had the support of UNDP both in strengthening its management capacity and in coordinating international cooperation. On the latter point, emphasis should be laid on the support given by the Government to the UNDP Resident Representative in carrying out his duties as Resident Coordinator of the operational activities of the United Nations system in Chile.

III. THE COUNTRY PROGRAMME

A. Assessment of ongoing country programme

16. Almost all of the resources of the fourth programme were directed towards the nation's scientific and technological development, emphasizing projects whose implementation called for human, institutional and capital resources from the various regions of the country. It was hoped thereby to begin a process of interaction between the supply of technological and scientific knowledge and services - universities and technological research institutes - and the demand for them on the part of business and public services. Under the fourth programme, 51 projects with an aggregate cost of nearly $26 million were approved. Of that amount, 45 per cent was contributed on a cost-sharing basis by 54 institutions, almost all of them private businesses.

17. The majority of the projects were intended to generate new processes or products that might lead to technological innovations, and were concentrated in the mining, fishing and agribusiness sectors. Several projects sought technological solutions to environmental problems. Particularly noteworthy in that regard are the progress achieved in fundamental knowledge of the technologies under study, the generation of relevant technical information, which has helped put national enterprises in a better negotiating position when acquiring imported technology, and the development of new products to replace costly imported goods.

18. The implementation of the projects also made it possible to form working groups whose membership was drawn from universities and the business sector, to disseminate conceptual and operational models of the national science and technology system, to link research with manufacturing changes based on technological innovation and to decentralize to the regions the scientific and technological system's traditional concentration of resources in the capital.

19. One very important result of the fourth programme was the design of a science and technology programme costing $184 million over four years. Its implementation will begin in 1992 with financing from the Inter-American Development Bank (IDB) and the Government. The programme involves the simultaneous operation of three funds: (a) the national scientific and technological development fund; (b) the scientific and technological development promotion fund; and (c) the national technology and production development fund.

20. The most perceptible impact of the fourth programme and of the preparatory activities for the science and technology programme has been the change in attitude on the part of research and development institutions and of national researchers, who for the first time have considered, in designing their projects, aspects such as the present and future market for the foreseeable technological results, costs, selling prices, marketing techniques, etc. Chilean research has become more closely attuned to activity productive of goods and services.

21. Among the lessons learned in implementing the programme which are considered relevant in determining the comparative advantages of UNDP for the fourth programme, the following should be mentioned:

(a) The concentration of fourth programme activities in support of one objective, namely the scientific and technological development of the country's natural resources, made it possible to gain experience in implementing UNDP cooperation in the spirit of the programme approach;

(b) The strengthening of national execution capacity through the experience acquired in the implementation of 80 per cent of the programme through the national execution modality;

(c) The participation of specialized United Nations agencies has proved to be relevant in the specialized fields where Chile has less skill;

(d) UNDP cooperation has greater impact when it is linked to other sources of multilateral and bilateral cooperation: thus, during the implementation of the programme, experience was gained of the mobilization of cofinancing, from both the public and the private sectors, in a demonstration of the programme's multiplier effect;

(e) The impact of UNDP activity is greater when it is linked to the Government's priority programmes;

(f) The implementation of the programme brought about an improvement in the operational flexibility of UNDP assistance, which will enable it to be more efficiently used.

B. Proposals for UNDP cooperation

1. Preparatory process

22. The preparation of the advisory note from UNDP to the Government concerning the fifth country programme for Chile involved working meetings with those responsible within the Government for international cooperation. This consultative process was led by the Minister of Planning and Cooperation, and also had the benefit of participation by board members and officials of AGCI, and of officials both from UNDP headquarters and from the local UNDP office.

23. During this process, priority topics, implementation procedures and criteria for the use of funds and the assignment of resources were outlined, with emphasis being placed on the shared views on the more substantial aspects and the Government's recognition of the flexibility and neutrality of UNDP cooperation features which the national authorities consider to give it an advantage over other sources. In addition, thematic meetings were held between July and September 1991 on science and technology, small- and medium-scale enterprises, social development, public sector administration, participation of women, decentralization of the State, and the environment. The aim of these meetings was to identify more precisely the areas where cooperation might be possible, and leading figures in the public and private sector and experts from the agencies of the United Nations system were also invited to attend.

24. The wording of the advisory note, once accepted by the Government, was also discussed with the headquarters of the United Nations bodies in Europe and New York. This discussion phase gave rise to comments and suggestions on ways in which the agencies might cooperate during the conduct of the fifth programme. It is accordingly hoped that this document will act as a framework for the cooperation offered by those agencies and for the mobilization of multilateral and bilateral cooperation resources.

2. Strategy for UNDP cooperation

25. On the basis of the experience gained in the implementation the fourth country programme, and taking into consideration the international cooperation priorities already noted, the Government has defined the thematic content of this programme on the basis of the following elements:

(a) Concentrating the action of UNDP in areas: (i) which are major aspects of the process of consolidation and completion of democracy; (ii) which fall within the framework of the resolutions of the General Assembly of the United Nations (in particular resolution 44/211) and the decisions of the Governing Council of UNDP (in particular decision 90/34); and (iii) in which UNDP and the agencies of the United Nations system have accumulated relevant experience and knowledge in the region;

(b) Causing the programme to have a catalytic effect by: (i) support for catalytic actions which contribute to the launching of government programmes; (ii) promotion of new channels of communication and coordination between the various levels and sectors of the public administration, and areas for cooperation between the State and the various components of society; and (iii) access to facilitating mechanisms in order to overcome areas of institutional rigidity;

(c) Generating a multiplier effect for the limited resources of the IPF by: (i) mobilizing other international cooperation resources; and (ii) providing management services for the administration of resources of multilateral and bilateral origin.

26. On the basis of the elements listed above, the overall strategy for action to tackle the concentration areas listed in the next section falls within the general purpose of supporting management for development of the Government's programme by:

(a) Strengthening the capacity of the Government to formulate policies, prepare programmes and projects and follow them up and evaluate them;

(b) Encouraging the participation of the various components of society in the management and implementation of programmes and projects;

(c) Developing human resources, with stress on improvement of the nation's technical and management skills;

(d) Supporting management of international cooperation as it strengthens the capacity to identify, plan, follow up and evaluate programmes and projects on the one hand, and the capacity to identify and transfer knowledge and experience, both into and out of the country, on the other.

27. The linkage of the four lines of action listed above with the thematic content proposed in the next section is based on an awareness of the comparative advantages of UNDP cooperation. On the one hand, its flexibility and responsiveness will permit support for actions which will assist in overcoming the limitations and rigidity already referred to, which is essential for the process of consolidation of democracy. On the other hand, its installed capacity affords access to outside experience and to technical resources which will assist in strengthening the Government's capability to formulate policies and translate them into programmes and projects. Finally, the neutral character of UNDP cooperation will be used as a means of encouraging the various components of society at national, regional and local levels to pledge their participation in Government programmes.

3. Areas of concentration selected for UNDP cooperation

28. Out of the priority areas listed by the Government for its development and cooperation policies, and taking into account the strategy for UNDP

cooperation, the following three concentration areas have been selected for the fifth programme: (a) democratization of the State; (b) social development; and (c) modernization of production.

Democratization of the State: decentralization, public participation and modernization of central government

National objectives or programmes requiring the assistance of UNDP

29. One of the main objectives of the Government's policy is the democratization of the State and the modernization of public administration, which are seen as fundamental to the consolidation of democracy as a political system. This objective includes greater participation by the people in electing local (municipal) authorities and in community administration, decentralization of public administration in order to give greater autonomy to regional, provincial and municipal governments, and a thorough overhaul of the structures of central government, so that the process of bringing the latter up to date may accompany and support the modernization of the productive sectors of the economy.

UNDP assistance

30. UNDP cooperation in this area is designed to make use of its capacity to draw on outside experience and knowledge, as well as its neutrality and flexibility which allow it to support the efforts of the Government to transfer experience in political and administrative decentralization, to motivate the various levels of government and components of society, and to overcome institutional rigidity and administrative restrictions.

31. Decentralization and public participation. It is hoped that the fifth programme will assist in the development of activities aimed at helping certain regions and municipalities to design institutional frameworks, including the redefinition of the functions and structures of regional and local governments and enhancing the system of allocation and utilization of resources; the establishment of regional information systems making it possible to carry out diagnostic studies, prioritize infrastructure investments and define methods of encouraging the productive development of the region; the institution of coordination procedures between central government and regional and local government; the training of professional and technical personnel, in particular in the areas of project formulation, planning, administration and evaluation; and the encouragement of participation by important components of society (women, young people, neighbourhood groups, private sector) in the management of regional and local development.

32. Modernization of central government. It is hoped that the fifth programme will assist in the formulation and management of policies and in the legislative reforms which are of major importance to the national administration of sectors such as justice, the environment, women and consumer protection; in the formulation and implementation of steps to streamline and

simplify the administration and in enhancing the running of the State by major improvements in the highest levels of public administration.

33. At the present time, UNDP is supporting the Government in these areas by means of project CHI/90/002 "Public policies formulation in Chile", which is helping to establish a capacity to formulate and manage public policies, and by project CHI/90/501, "Management and coordination of social policies and programmes", which is helping in the management of social policies and programmes. The Government will be seeking the assistance and cooperation of UNDP through activities drawing on the major results of these two projects.

34. In terms of impact, it is hoped that by 1996 there will have been significant progress in the democratization of the apparatus of government and in the decentralization of public administration, with elections for local authorities and public participation in and decision-making on the different bodies of authority at regional and local levels, together with a reinforcement of the social organizations. The contribution of UNDP and of international cooperation will enable this goal to be attained by facilitating the establishment of relationships between the central public administration and developing participatory approaches at regional and local level, through the preparation of appropriate legal and administrative instruments. Thus, international cooperation will have contributed to a strengthening of the capacity of Government to formulate policies and prepare programmes and projects, and to follow them up and evaluate them.

35. The IPF resources allocated to this sector amount to $2.8 million (30 per cent of the total IPF). It is hoped that the cost-sharing contribution will reach $1.7 million (18 per cent of total cost-sharing).

Supplementary assistance

36. The Government considers that continued backing from the Management Development Programme is essential to provide support for social management in dealing with tasks such as the formulation and inter-institutional coordination of policies and programmes, the strengthening of project evaluation and follow-up, impact evaluation, and enhancement of the efficiency of social development programmes and projects.

37. In the field of regional development, the Government has secured the support of the European Economic Community for projects in regions I and II and of the Government of Italy for the Regional Development Corporation in Bío-Bío region VIII. Mention may also be made of major investment projects in low-cost housing, education and rural development to be undertaken in the regions with non-reimbursable assistance from European countries (Germany, Italy, Netherlands, Sweden), all of which provide for active participation on the part of the local authorities. Cooperation resources related to democratization of the State amount to over $33 million.

Social development: overcoming poverty

National objectives or programmes requiring UNDP assistance

38. Over 5 million people, or about 40 per cent of the population of Chile, live in poverty today. The Government plans to rectify this situation by investing its own and international cooperation resources in such a way as (i) to ensure better access for disadvantaged social groups to legal facilities and services in the areas of personal safety, recreation, health, education and housing; and (ii) to create opportunities for involving the most deprived groups, especially women and young people, in development.

UNDP assistance

39. UNDP cooperation in this area is determined in the light of its basic aim of promoting human development and of its advantages of flexibility and the ability to mobilize technical resources and arrange for the transfer of technology and expertise so as to assist in solving the problems arising from fragmented implementation of social programmes, the need to optimize programmes focusing on the neediest groups and the development of productive opportunities for the most vulnerable groups.

40. Modernization of the administration of justice: It is hoped that the fifth programme will contribute to the implementation of projects for the development and adaptation of social management techniques and their introduction into the administration of justice; and to the development of methods and management techniques to be used in catering for minors in irregular situations and/or situations of social risk so as to contribute to their reintegration into society and to a lowering of the high rates of recidivism.

41. Income generation and improvement for groups living in extreme poverty: In the framework of the lines of action for UNDP cooperation, it is hoped that the fifth programme will contribute to the development of such activities as productive urban communities; land protection and reclamation and reafforestation in rural and indigenous areas; enhancement of the productivity of smale-scale fishermen, scrap dealers in the mining industry (pirquineros) and seasonal workers; support for the development of micro-enterprises run by women heads of household; and the transfer of appropriate technology with a view to improving the income of marginal urban and rural communities.

42. Education for development: It is hoped that the fifth programme will support the implementation of projects for the review of curriculum content in the fields of environment, human rights, prevention of drug addiction and, in general, subjects that have a significant impact on the quality of life of the community; and for the improvement of non-formal education.

43. The expected impact on completion of the fifth programme will consist basically in a substantial reduction in the proportion of the population that is marginalized and living in poverty. International and UNDP cooperation

will have helped to promote inter-ministerial coordination for the formulation and implementation of social policies and programmes. In addition, the coverage of programmes focusing on target groups such as women heads of household and young people will have been extended to cater for all those seeking assistance in the different regions of the country. Progress will have been made in integrating those employed in the informal sector into the formal sector of the economy, and regional disparities in action designed to counter extreme poverty will have been reduced. Public confidence in the bodies responsible for administration of justice, crime prevention and dealing with delinquency, especially among juveniles or minors in irregular situations, will have been restored.

44. IPF resources appropriated to this area amount to $3 million (25 per cent of total IPF). The cost-sharing contribution is expected to amount to $1.4 million (15 per cent of total cost-sharing).

Supplementary assistance

45. The Government has arranged for non-reimbursable cooperation amounting to over $125 million for social development activities, with special emphasis on the eradication of poverty, with the United Nations Development Fund for Women (UNIFEM), the United Nations Children's Fund (UNICEF), the United Nations Population Fund (UNFPA), the World Food Programme (WFP), the World Health Organization/Pan American Health Organization (WHO/PAHO), Special Resources of UNDP and the United Nations International Drug Control Programme (UNIDCP), the European Economic Community (EEC) and the Governments of Belgium, Denmark, Finland, France, Germany, Italy, Netherlands, Norway, Spain, Sweden and the United States.

Modernization of production

National objectives and/or programmes requiring UNDP assistance

46. Creation of conditions conducive to sustainable development through (i) changes in patterns of production based on technological innovation and closer links between national supply of and demand for technology; (ii) incorporation of marginalized units in the productive system; (iii) introduction of process management techniques leading to better interaction between the individual and his environment; and (iv) generation of information on the country's long-term export potential.

UNDP assistance

47. UNDP cooperation in this area is determined in the light of the benefits accruing from the ability to mobilize expertise and technical resources and to bring together the various agents involved in the productive process who are associated with small- and medium-scale enterprises (SMSEs), from universal access to sources of information and technology, as demonstrated during the implementation of the fourth programme, and from regional leadership in the field of the environment.

48. Small- and medium-scale enterprises: It is hoped that the fifth programme will support projects aimed at the development of policy tools for small- and medium-scale enterprises; the strategic and industrial linkage of SMSEs to large-scale enterprises in order to provide access to international markets and facilitate indirect technology transfers; the elimination of institutional restrictions; and the modernization of the financing structure of micro-enterprises in the informal sector, giving precedence to participation by women.

49. Scientific and technological development: It is hoped that the fifth programme will provide support for projects designed to generate or adapt new forms of linkage between the national supply of and demand for technological and scientific information - serving as seed-beds for technology-based enterprises, technology parks, university enterprises and interface institutions; to improve the management of research and technological innovation projects; to support the marketing of products or processes generated through successful fourth programme projects; and to strengthen the management of the national science and technology system and its regional linkage through horizontal cooperation.

50. Environment and sustainable development: Development of methods and strengthening of institutional capacity for the incorporation of heritage accounting techniques relating to natural resources and environmental impact evaluation techniques in investment projects; for the improvement of environmental standard-setting; for the design and implementation of activities designed to meet external requirements in respect of quality, process management and environmental protection for Chilean products; and for natural resources management.

51. The anticipated impact may be gauged from the contribution that international and UNDP assistance will have made to the maintenance of an annual rate of sustainable economic growth of at least 5 per cent, to technological change and the incorporation of marginalized units in the production system, and to the adaptation of production processes in order to bring them into line with the goal of protection and preservation of the environment. In addition, the role of SMSEs in generating employment and added value in exports and the incorporation and participation of young people and women in the labour market will have been enhanced.

52. IPF resources appropriated to this area amount to $2,362,500 (25 per cent of total IPF). The cost-sharing contribution is expected to amount to $2,362,500 (25 per cent of total cost-sharing).

Supplementary assistance

53. The Government hopes for an increase during the five-year period in non-reimbursable assistance from the United Nations Industrial Development Organization (UNIDO) and the International Trade Centre (ITC) in support of the management of SMSEs, supplemented at least by the contribution of the European Economic Community and that of the Government itself to the start-up

fund of the Fundación Empresarial CE-Chile. The increase in public investment in science and technology will be effected with reimbursable IDB assistance, to which will be added non-reimbursable cooperation from the Organization of American States (OAS), EEC, United States, Canada, Japan and a number of European countries. For the environment, non-reimbursable cooperation will be received from the Global Environment Facility (GEF), the Interim Multilateral Fund of the Montreal Protocol, the United Nations Environment Programme (UNEP), the United Nations Centre for Human Settlements (Habitat) (UNCHS) and the United Nations Food and Agriculture Organization (FAO), and a loan will be granted by the World Bank. UNDP will support the implementation of the activities concerned. Co-operation resources for the modernization of production will amount to over $300 million.

C. Assistance outside the selected areas of concentration

54. As part of the Government's strategy for effective implementation of the fifth programme, resources will be allocated in this cycle towards strengthening the management of international cooperation both through specific projects and as a component of projects corresponding to the areas of concentration.

55. In addition, the Government will continue under the fifth programme to support the modernization efforts of the air safety and navigation and aeronautics infrastructure services through a project involving assistance from the International Civil Aviation Organization (ICAO). By way of follow-up, the results of the agro-meteorological applications project will be extended to the country as a whole with the assistance of the World Meteorological Organization (WMO). These projects will not commit more than 10 per cent of the IPF.

D. Implementation and management arrangements

56. The greater scope and impact of the fifth programme is directly related to the degree of coordination between those responsible for its implementation, and to the establishment both of adequate follow-up and management control mechanisms and of verifiable goals. For purposes of establishing programme coordination, follow-up and evaluation mechanisms, AGCI and UNDP will jointly make efforts commensurate with that goal and will agree on those that seem most suitable.

57. In order to strengthen national execution capacity and on the basis of the positive experience under the fourth programme, the national execution modality will be strengthened during the fifth cycle. To that end, UNDP will support the establishment of national units for the implementation of international technical and financial cooperation in such a way that the implementing bodies can take on all administrative functions inherent in national execution.

58. The global action strategy of support for management aimed at developing the Government's programme implies that in each area of concentration national capacity for developing, implementing, following up and evaluating national programmes in each thematic area will be strengthened. For that purpose, and with a view to maximizing its impact, UNDP assistance will be provided within a programme concept in which it is linked to catalytic activities with the support and technical and financial assistance of other sources of multilateral and bilateral cooperation assistance.

59. The mid-term review will be scheduled to coincide with the change of government, in 1994, and agreement can accordingly be reached on the need to make changes to the areas of concentration and the execution modalities.

60. The Government will, through the cost-sharing system, at least equivalent in value to the $9.5 million allocated under the fifth programme. Specific projects may include a national contribution of less than 50 per cent of their budgets upon agreement of the parties, who will take into account the nature of the activities involved. In addition, a set amount of IPF resources will be reserved for the preparation of projects to be presented to international development banks on the basis that, once funding is approved for these projects, it will be returned to the IPF fund and charged to the first disbursement of the relevant loan.

61. In the execution of the fifth programme emphasis will be placed on the use of technical cooperation among developing countries as one dimension of international cooperation that contributes both to the promotion of Chilean technical assistance to third countries, in those areas where the country has comparative advantages, and to Chile's cultural, political and economic outreach to geographical areas of national interest. Use will also be made of the other mechanisms administered by the United Nations in order to make human resources available for development, such as Transfer of Knowledge through Expatriate Nationals (TOKTEN) and United Nations International Short-term Advisory Services (UNISTAR). Particular emphasis will be laid on the establishment of operational and substantive links with global, interregional and regional UNDP programmes.

62. In particular, a link to the Regional Programme for Latin America and the Caribbean is considered highly desirable, considering its complementary function and its involvement with the areas of concentration proposed here. In addition, it should be noted that the Government will pay close attention to the decisions to be adopted by the UNDP Governing Council with respect to the use of, and mechanisms for access to, special programme resources, particularly those relevant to the areas of concentration.

Annex I

FINANCIAL SUMMARY

I. ESTIMATED RESOURCES (IPF + cost-sharing) TAKEN INTO ACCOUNT FOR PROGRAMMING

(Thousands of dollars)

Fifth cycle IPF		
	9 450	
Subtotal IPF		9 450
Project cost-sharing (Government)	9 450	
Project cost-sharing (Third Party)	-	
Programme cost-sharing	-	
Subtotal cost-sharing		9 450
TOTAL		18 900

II. ALLOCATION OF RESOURCES (IPF + cost-sharing) BY AREA OF CONCENTRATION

Area of concentration	IPF	Cost-sharing	Total	Percentage of total resources
State democratization	2 835	1 701	4 536	24
Social development and eradication of poverty	2 363	1 418	3 781	20
Production modernization	2 363	2 363	4 726	25
Additional areas	945	3 402	4 347	23
Subtotal	8 506	8 884	17 390	92
Unprogrammed reserve	944	566	1 510	8
TOTAL	9 450	9 450	18 900	100

III. COMPLEMENTARY ASSISTANCE FROM OTHER SOURCES USED IN AREAS OF CONCENTRATION

(Thousands of dollars)

A. UNDP-administered funds	
Special Programme Resources	15 000
UNIFEM	500
UNFSTD	100
Subtotal	2 100
B. Other United Nations resources	
JCGP participating agencies:	
UNFPA	625
WFP	3 000
Other United Nations agencies (non-UNDP financed)	6 690
Global Environment Facility	4 000
Subtotal	14 315
Total non-core and other United Nations resources	16 415
C. Non-United Nations resources	471 450
TOTAL	487 865

Annex II

PROGRAMME MATRIX

	Area of focus*					
Area of concentration	Poverty eradication and grass-roots participation	Environment and natural resource management	Management development	TCDC	Transfer and adaptation of technology	WID
I. STATE DEMOCRATIZATION						
Decentralization and public participation	*		*	*		*
Modernization		*				
Central government			*			*
II. SOCIAL DEVELOPMENT						
Justice	*		*	*		*
Income improvement	*		*	*	*	*
Education for development	*	*		*	*	*
III. PRODUCTION MODERNIZATION						
Small and medium-sized enterprises		*	*	*	*	*
Scientific and technological development	*	*	*	*	*	*
Environment and sustainable development	*	*	*	*	*	*
IV. ADDITIONAL AREAS						
Air traffic			*	*	*	
Agricultural meteorology	*	*	*	*	*	

* Asterisks indicate major linkage only.

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PROGRAMME PLANNING

Country and intercountry programmes and projects

FIFTH COUNTRY PROGRAMME FOR CHILE

Note by the Administrator

I. PROCESS OF THE PROGRAMMING EXERCISE

1. The programming process for the fifth country programme was the outcome of meetings with those responsible in the Government for international cooperation, and in consultative sessions on thematic questions, attended by personalities from the public and private sectors and by experts from the agencies of the United Nations system. The topics covered were chosen on the basis of the Government's technical cooperation priorities and the programming orientations of UNDP, notably those contained in decision 90/34 of the Governing Council.

2. The UNDP advisory note was analysed in these sessions, as were sectoral documents prepared jointly by Chilean specialists and the UNDP office. As a result, proposals were drawn up on priority areas, implementation procedures and criteria for the use of funds and the allocation of resources. There was a large measure of agreement between the Government and UNDP as to the substantive aspects of the themes to be covered, and the Government recognized the neutrality and flexibility of UNDP. Furthermore, during the preparatory process, the UNDP Resident Representative discussed the wording of the advisory note with the agencies of the United Nations system, gathering proposals and suggestions on ways in which those agencies could cooperate during the fifth cycle.

3. The final version of the fifth programme was written by the Government with the support of the Office of the Resident Representative. It is hoped that the country programme document will serve as a framework for the cooperation offered by the agencies of the United Nations system and for the mobilization of multilateral and bilateral cooperation resources.

II. FIFTH COUNTRY PROGRAMME FOR CHILE

4. With Chile's return in March 1990 to the democratic system, the Government found itself dealing with a public administration apparatus considerably weakened in its ability to manage matters within a democratic context, and at the same time found itself facing serious political, institutional and fiscal obstacles which affected the effectiveness of public policies in general, and adaptation of the State administration to the specific requirements of the Government's programme in particular. The Government was given a four-year mandate to carry through a process of transition to democracy, following an authoritarian regime which had lasted almost 17 years and had caused a serious loss of legitimacy in the national political system and its institutions.

5. In order to achieve its fundamental objective of reconstruction and consolidation of democracy, the Government undertook to carry out the following priority task: (a) to discover the truth and ensure that justice be done in the matter of human rights; (b) to democratize society and improve its institutions; (c) to promote social justice, remedying the serious inequalities and inadequacies that affect large sectors of the population; (d) to foster the country's economic growth and the development and modernization; and (e) to restore Chile to the place that it had historically occupied in the international community.

6. So far, advances have been made in the areas of human rights and of reintegration of the country into the international community, and the Government therefore intends to concentrate its efforts from 1992 onwards on the improvement of democracy, on sustainable economic growth and better income distribution and the correction of the institutional imbalances and inequities that have prevailed in previous years.

7. In order to reach these targets, the Government has set itself a triple challenge, involving, firstly, modernization of the apparatus of government and public administration in order to achieve two simultaneous aims: (a) democratization of the apparatus of government, including the election of municipal governments and public participation in the various regional and local authorities; and (b) decentralization of the administration of the State, giving the regional and municipal authorities the requisite institutional, financial and technical autonomy. Secondly, the creation of opportunities so that those who live in conditions of want and poverty may overcome the causes of their situation, for which purpose the need is felt to improve their opportunities and ability to participate actively in the nation's development. The third challenge is to consolidate the process of

sustainable economic growth and to do so in harmony with higher levels of social justice, which means pushing forward with modernization of the productive sectors of the economy, incorporating marginal units into the system of production and achieving a balance between the production system's needs and those of the environment.

8. It is within the framework of this triple challenge that the Government is requesting assistance from UNDP. A programme is proposed incorporating three areas of concentration: (a) democratization of the State; (b) social development; and (c) modernization of production. The overall strategy for action revolves around provision of management assistance to the Government, for the achievement of the goals associated with these three areas, and is designed on the basis of three criteria: concentrating the activities of UNDP; producing a catalytic effect; and generating a multiplier effect. In this context, it should be stressed that within the fifth programme the activities concerned are identified strategically in terms of the hoped-for impact, participation by multiple financing sources and implementation on a national scale.

9. Finally, the Administrator considers it important to underline that the cooperation with UNDP will take place along four main lines of action: (a) strengthening of the national capacity to formulate policies, prepare programmes and projects and follow them up and evaluate them; (b) encouragement of participation by the various components of society in the management and implementation of programmes and projects; (c) development of human resources to improve the nation's management and technical skills; and (d) support for the management of international cooperation in the identification, negotiation, follow-up and evaluation of programmes and projects and in the strengthening of the capacity to identify and transfer knowledge and experience both into the country and out of it.

III. MANAGEMENT OF THE PROGRAMME

10. With a view to reinforcing the capacity for national execution, and building on the positive experience of the fourth programme, the national execution modality will be strengthened during the fifth cycle. To this end, support will be given to the establishment of national implementing units serving not only UNDP cooperation, but also international technical and financial cooperation of multilateral or bilateral origin, so that the executive bodies will be able to take on not only the managerial and technical responsibilities but also the administrative and logistical concerns inherent in such a procedure. It is therefore envisaged that UNDP will respond to requests for project management services with projects only in specific cases and only when the Government asks it to do so.

11. In order to maximize its impact, UNDP cooperation will take place within a programme concept in which the assistance of UNDP in implementing catalytic actions related to the objectives of national programmes in each of the thematic areas is with the technical and financial assistance of the other sources of multilateral and bilateral cooperation.

12. The Administrator draws attention to the Government's decision to contribute resources at least equivalent to the IPF for the fifth cycle, through the cost-sharing system.

13. In the implementation of the programme, priority will be given to application of technical cooperation among developing countries as an aspect of international cooperation, with the objective of adequately promoting technical assistance from Chile to third countries and projecting the country, politically, culturally, and economically, into geographical areas where it has national interests.

IV. RECOMMENDATION OF THE ADMINISTRATOR

14. Taking into account the strategic design of the fifth programme, the observations in the present note reflect the opinion of the Administrator that implementation of this programme will cause a significant advance in the development of democracy and in sustained economic growth together with social justice. Similarly, the Administrator is pleased to note the political, institutional and financial commitment of the Government to implement the fifth programme and its decision to establish jointly with UNDP mechanisms for coordinating, following up and evaluating the programme.

15. In consequence, the Administrator recommends that the Governing Council approve the fifth country programme for Chile.